

### ***Mortgage Reform Legislation and Fraud Enforcement Bill Both Demand Accountability***

Washington, D.C. – This week U.S. Congressman Charlie Wilson (OH-6) voted to support continued efforts to protect consumers, reform our financial system and demand accountability. Today the House passed mortgage fraud legislation. Yesterday the House passed anti-predatory lending legislation.

“These bills are the next steps to rebuilding our economy,” Wilson said.

#### **H.R. 1728, the Mortgage Reform and Anti-Predatory Lending Act of 2009**

The Mortgage Reform and Anti-Predatory Lending Act of 2009 will help stop the kinds of predatory and irresponsible mortgage loan practices that played a significant role in the current economic meltdown. It will prevent borrowers from deliberately misstating their income to qualify for a loan.

“Many of us believe that these reforms could have prevented the subprime mortgage crisis that ended up taking our economy down,” Wilson said.

The Mortgage Reform and Predatory Lending Act will make sure that the industry follows basic principles of sound lending, responsibility, and consumer protection.

“It’s just common sense to prevent bad loans from being issued in the first place,” Wilson said. “I am committed to working on measures like this that help rebuild our economy, protect American homeowners, and change the way Washington works.”

H.R. 1728 makes the following reforms:

- Requires lenders to ensure a borrower's ability to repay.
- Prohibits unfair lending practices.
- Brings accountability to the secondary market for home loans.
- Holds creditors responsible for the loans they originate.
- Imposes penalties for irresponsible lending.
- Stronger consumer protections for high-cost mortgages.
- Requires additional disclosures for consumers regarding mortgage loans.
- Protects tenants who rent homes that go into foreclosure.
- Creates the Office of Housing Counseling.
- Offers legal assistance to homeowners and tenants facing foreclosure.

#### **S. 386, Fraud Enforcement and Recovery Act of 2009**

The Fraud Enforcement and Recovery Act of 2009 will provide critical funding and updated tools to help law enforcement pursue and prosecute the mortgage and corporate fraud that hurt

millions of Americans. The legislation will also establish a bipartisan commission to investigate the causes of the collapse of our financial system and the ensuing recession.

“We’ve witnessed outrageous fraud in recent years – from Enron and Worldcom, to today’s subprime mortgage scams,” Wilson said. “I’ve always said that you can’t have a fair game of ball without a referee on the field. The Fraud Enforcement and Recovery Act gives us the tools and funding we need to keep a referee on the field and prevent us from the kind of fraud that got us into our current financial mess.”

The investigative commission created by this legislation will have subpoena power, and will seek to bring accountability to a system where reckless behavior has gone unchecked in the past. It is similar to the Pecora Commission established to investigate the 1929 stock market crash. That commission’s investigation uncovered the fraudulent and unscrupulous practices on Wall Street that led to the Great Depression and laid the groundwork for the regulatory structure that served this country for decades.

“When that regulatory framework was weakened, it created the conditions that led to our current economic crisis,” Wilson said. “I’m pleased we’re re-instituting the kind of reforms we need to rebuild our economy in a way that’s fair to business and consumers.”